

## Message Text

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PAGE 01 STATE 005943  
ORIGIN TRSE-00

INFO OCT-01 EA-09 ISO-00 EB-07 AID-05 CIAE-00 COME-00  
FRB-01 INR-07 NSAE-00 USIA-15 XMB-04 OPIC-06 SP-02  
CIEP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04  
CEA-01 H-02 L-03 PA-02 PRS-01 /098 R

TX-387

DRAFTED BY TREAS:OS:SPHANNES  
APPROVED BY EB/IFD/OMA:RJRYAN  
TREAS:OS:DSFOSTER  
EA/PH:JLAKE

-----120049Z 010351 /70

R 112109Z JAN 77  
FM SECSTATE WASHDC  
TO AMEMBASSY MANILA

UNCLAS STATE 005943

E.O. 11652: N/A

TA : EFIN

SUBJECT: REQUEST FOR INFORMATION WITH RESPECT TO PROPOSED  
U.S.-PHILIPPINE TAX TREATY  
IN LETTERS DATED NOVEMBER 24, 1976 THE U.S. AND PHIL-  
IPPINE GOVERNMENTS AGREED TO A MODIFICATION OF ARTICLE 23  
OF THE PROPOSED TREATY. THE U.S. LETTER RECITES THAT WHERE  
PHILIPPINE CITIZENS ARE RESIDING OUTSIDE OF THE PHILIPPINES  
THEY ARE SUBJECT TO TAX BY THE PHILIPPINE GOVERNMENT ON  
THEIR WORLDWIDE INCOME BUT AT REDUCED RATES OF 1, 2, OR 3  
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PERCENT AND THAT FOREIGN INCOME TAXES ARE DEDUCTIBLE IN  
COMPUTING THEIR TAXABLE INCOME. IN PREPARING AN EXPLANA-  
TORY MEMORANDUM TO ACCOMPANY THE TREATY TO CONGRESS, THE  
QUESTION HAS ARISEN AS TO WHETHER THE PHILIPPINE LAW DOES  
GRANT A DEDUCTION FOR FOREIGN TAXES IN SUCH SITUATIONS.  
SECTION 21 OF THE PHILIPPINE NATIONAL INTERNAL REVENUE CODE  
APPEARS TO IMPOSE A TAX ON THE GROSS AMOUNT OF THE INCOME  
OF SUCH NONRESIDENT PHILIPPINE CITIZENS. COMMENTARY TO  
THIS PROVISION AND TO SECTION 30(C) OF THE PHILIPPINE NA-

TIONAL INTERNAL REVENUE CODE, WHICH CONCERNS THE DEDUCTION  
AND CREDIT FOR FOREIGN INCOME TAXES, SUGGESTS THAT THE DE-  
DUCTIBILITY AND CREDITABILITY OF FOREIGN TAXES IN THE CASE  
OF PHILIPPINE NATIONALS RESIDING ABROAD HAS BEEN QUALIFIED  
BY PRESIDENTIAL DECREE NO. 69. PLEASE PROVIDE THE  
TREASURY WITH A COPY OF PRESIDENTIAL DECREE NO. 69 AND  
COMMENT ON WHETHER THE FOREIGN TAXES ARE DEDUCTIBLE OR -  
CREDITABLE IN THE SITUATION OUTLINED ABOVE.  
ROBINSON

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** TAX AGREEMENTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Sent Date:** 11-Jan-1977 12:00:00 am  
**Decaption Date:** 01-Jan-1960 12:00:00 am  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01-Jan-1960 12:00:00 am  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1977STATE005943  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** OS:SPHANNES  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D770011-0050  
**Format:** TEL  
**From:** STATE  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1977/newtext/t19770162/aaaacbkz.tel  
**Line Count:** 71  
**Litigation Code IDs:**  
**Litigation Codes:**  
**Litigation History:**  
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**Message ID:** 8b0b2fdb-c288-dd11-92da-001cc4696bcc  
**Office:** ORIGIN TRSE  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** n/a  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 14-Sep-2004 12:00:00 am  
**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 3622941  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** REQUEST FOR INFORMATION WITH RESPECT TO PROPOSED U.S.-PHILIPPINE TAX TREATY IN LETTERS DATED NOVEMBER 24, 1976 THE U.S. AND PH  
**TAGS:** EFIN, RP, US  
**To:** MANILA  
**Type:** TE  
**vdkgvkey:** odbc://SAS/SAS.dbo.SAS\_Docs/8b0b2fdb-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009